



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

June 8, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

STATUS REPORT ON HEALTH MANAGEMENT ASSOCIATES RECOMMENDATIONS FOR NEGOTIATIONS WITH L.A. CARE AND FOR AMBULATORY CARE RESTRUCTURING (ITEM NO. 67, AGENDA OF JUNE 9, 2010)

On April 13, 2010, your Board approved, in concept, the report and recommendations by Health Management Associates (HMA) on its evaluation of the Department of Health Services (DHS) Office of Managed Care (OMC)/Community Health Plan (CHP) and its readiness for pending health reform changes. In addition, your Board approved this Office convening: 1) DHS and L.A. Care representatives to engage in negotiations to determine whether the new relationship, as outlined in the HMA report, can be developed; and 2) workgroups to develop an implementation plan, with specific timelines and projected costs, to address the recommendations in the HMA report. Further, your Board instructed this Office to report back at a regularly scheduled Board meeting every 30 to 60 days with a status regarding the negotiations with L.A. Care.

This memorandum provides written information related to the status report scheduled for your Board's meeting on June 9, 2010. It should be noted that this effort to develop an implementation plan for the HMA recommendations recognizes the context of the DHS fiscal outlook and deficit management proposals, the new Statewide Medicaid Waiver, and the challenges presented by the implementation of health reform.

"To Enrich Lives Through Effective And Caring Service"

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Delegated Authority Agreement with HMA

In order to provide additional resources to facilitate the County's negotiations with L.A. Care and to assist in the development of the ambulatory care restructuring plan, this Office executed amendments to the Chief Executive Office's Delegated Authority Agreement with Health Management Associates, Inc., to expand the scope for HMA consultants to: 1) provide high level, limited facilitation support, as requested by the County, for the negotiation between the County and L.A. Care; 2) work with DHS leadership to develop a work plan and timeline for the restructuring of ambulatory care within the DHS system; and 3) explore with DHS and the Departments of Mental Health (DMH), Public Health (DPH) and Public Social Services (DPSS) the development of pilot collaborations targeting populations that will likely be the focus of the new State Medicaid Waiver. The amendments extended the term of the Agreement to August 31, 2010 at an increased cost of \$137,393 for the additional scope of work under the terms of the Agreement, HMA will provide the County with an implementation plan and model for DHS ambulatory restructuring and proposed pilot projects for integrated services by July 15, 2010.

Negotiations with L.A.Care

On May 12, 2010, this Office convened a meeting between DHS and L.A. Care to review the major issues to be addressed in the negotiations between the County and L.A. Care. In that meeting, Dr. John Schunhoff, Interim Director of Health Services, was identified as the County's lead and John Wallace, Chief of Staff, as the lead for L.A. Care.

Attachment I is the initial list of key issues related to the negotiations which have been developed based on the discussions. The current priority is to jointly identify and engage a financial firm to conduct the financial review of the DHS CHP. The County and L.A. Care representatives have scheduled weekly meetings to review progress on resolving the key issues.

Ambulatory Care Restructuring

The DHS planning process for the Ambulatory Care Restructuring is being led by a Steering Committee consisting of 14 members (Attachment II) and chaired by Carol Meyer, DHS Chief Network Officer. Meetings are being facilitated by HMA Consultants, Pat Terrell and Dr. Terry Conway.

The first two meetings of the group occurred on: 1) May 19, 2010, to develop principles integral to an effective safety net ambulatory/managed care delivery system; and

2) May 25, 2010 to discuss functions and elements of ambulatory care practice within a public health system.

Four additional meetings are scheduled as follows: 3) June 9, 2010 - Productive and Accountable Relationships with External Partners (Public Private Partners, medical schools, DMH and DPH); 4) June 15, 2010 - Infrastructure and Practice Requirements to Successfully Deliver Services in a Managed Care Dominated Environment; 5) July 7, 2010 - Planning for Scope, Capacity and Resource Allocation in an Effective Ambulatory System; and 6) July 15, 2010 - Structure of an Ambulatory System for DHS.

Integrated Services Demonstration Projects

Following the June 9, 2010 discussion by the DHS Ambulatory Care Restructuring Steering Committee on relationships with external partners, this Office and DHS will convene a meeting with DMH, DPH, and DPSS representatives to discuss potential integrated services demonstration projects, which will be incorporated into the implementation plan.

Stakeholder Input

In concert with the work of the DHS Steering Committee meetings, this Office is scheduling initial meetings with stakeholder organizations to discuss the elements identified so far in both the L.A. Care negotiations and the ambulatory care restructuring discussions. In addition, meetings will be scheduled with your offices to respond to questions or requests for additional information regarding the L.A. Care negotiations and the development of the plan for Ambulatory Care Restructuring.

Next Status Report and Timeline to Develop the Implementation Plan

We had earlier proposed submitting to your Board an initial implementation plan by June 30, 2010. Based on the meeting schedule of the DHS Ambulatory Care Restructuring Steering Committee and the Initial Issues Log/Timeline for the L.A. Care negotiations, we now anticipate submitting the initial implementation plan to your Board by early August 2010, with a presentation at a regularly scheduled meeting of your Board later that month. We will provide our next status report in mid July 2010.

Each Supervisor
June 8, 2010
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Please let me know if you have questions or your staff may contact Sheila Shima, Deputy Chief Executive Officer at (213) 974-1160.

WTF: SAS:MLM
DL:bjs

Attachments

c: Executive Office, Board of Supervisors
 County Counsel
 Health Services
 Mental Health
 Public Health
 Public Social Services

060810_HMHS_MBS_Status Report on HMA-LACare and Ambulatory Care Negotiations

DRAFT
6/4/10

INITIAL ISSUES LOG FOR COUNTY / L.A. CARE NEGOTIATIONS

Determination of Scope of Project

Issue	Target Completion Date and Priority Level
Inclusion of Health Way L.A.	90 days into negotiations – Medium
Inclusion of Public Private Partnership Program	90 days into negotiations – Medium
Define joint “managed care” unit	60 days into negotiations – High

Transition / Operational Issues

Review of current operations (IT infrastructure)	90 days into negotiations – High
Review of current network / provider contracts	90 days into negotiations – High
Plan for notifications to regulators and disposition of CHP Knox-Keene license	90 days into negotiations – Low

Employee Issues

Plan to retain essential health plan staff during transition and plan for impacted County employees	90 days into negotiations – High
L.A. Care’s enabling legislation and related issues	High

Financial Considerations

Determine Scope of Financial Review and Select Vendor	30 days into negotiations – High
Agree on benchmarks for patient volume in DHS facilities, strategies to maintain patients and revenue maintenance	90 days into negotiations – High
Determine structure of L.A. Care’s financial support	90 days into negotiations – High

Stakeholder Involvement

Develop Plan for Stakeholder review and input	90 days into negotiations – High
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30 Days = June 15

60 Days = July 15

90 Days = August 15

Attachment II

May 5, 2010

DEPARTMENT OF HEALTH SERVICES STEERING COMMITTEE
ON AMBULATORY CARE TRANSFORMATION

Member	Level	Representing
Mindy Aisen	MD/Chief Medical Officer (CMO)	Rancho Los Amigos
Jim Gerson	MD/CMO	Office of Managed Care/CHP
Jeff Guterman	MD	Clinical Resource Management
Stephanie Hall	MD/CMO	LAC+USC Network
Dennis Levin	MD/Ambulatory Care	MetroCare/CHC
Gretchen McGinley	Ambulatory Care Office/HSA	Health Services Administration (HSA) Corporate
Carol Meyer (Lead)	RN/Chief Network Officer	HSA Corporate
Miguel Ortiz-Marroquin	Chief Executive Officer (CEO)	MetroCare/Harbor-UCLA
Tim Moore	Chief Operating Officer	ValleyCare/HD MACC
Cynthia Moore-Oliver	CEO	MetroCare/MLK MACC
Marianna Pacheco	RN/Ambulatory Care	LAC+USC Network/Hospital Based Clinics
Carolyn Rhee	CEO	ValleyCare/OVMC
Mike Roybal	MD/Ambulatory Care	LAC+USC Cluster/Roybal CHC
Cheri Todoroff	Planning Division	HSA Corporate

Health Management Associates (HMA) Consultants: Pat Terrell and Dr. Terry Conway

DHS Staff to Committee: Behnaz Hekmatia

Observers: County Chief Executive Office; HSA Finance